

FICO Score vs VANTAGE Score

There is some confusion going on lately about the credit score range and about the credit scoring in general. We believe this is caused by the recent introduction of the VantageScore in addition to the FICO score that we are all used to as a 'classic' or common credit score. Let us outline the main differences between the two to clear up this confusion. **VantageScore range vs. FICO - score range** VantageScore range: 501-990 FICO range: 300-850 As you can see the two scores overlap but the range is quite different. This is where, we believe, the rumors about the existence of FICO scores over 900 are coming from. When presented with their credit scores by the lender, most people don't pay attention on which brand that score is as most are not even aware that there is more than one. **VantageScore vs. FICO - letter grading** VantageScore: A to F FICO: none VantageScore number is associated with a letter grade. FICO doesn't use letter grading. **VantageScore vs. FICO - score usage** Based on what we're seeing when working with major lenders, only FICO score is used when obtaining Mortgage Loans. On some occasions, we've seen VantageScore being used to qualify consumers for Home Equity Line of Credit (HELOC) and Car Loans. So as of now, in order to get better interest rate when getting a new mortgage, concentrate on repairing your FICO score only. **VantageScore vs. FICO - consumer advantages** From what we understand by studying the White Papers, the VantageScore is more 'relaxed' than FICO in general. In our opinion, it is designed to better accommodate certain groups of consumers that FICO algorithm most likely will score very low. Indeed, the VantageScore should provide higher credit ratings to these consumers with thin credit history file: - young adults just starting their careers - recently divorced or widowed individuals with little or no credit in their own name - newly arrived immigrants - previous bankrupts - people who shun the traditional banking system by choice Using FICO, these would have made to be sub-prime mortgage candidates! In any case, simply based on the range comparison, your VantageScore will always be higher than your FICO score. **VantageScore vs. FICO - credit scoring model** With FICO, the three credit bureaus, Equifax, Experian and TransUnion, each uses its own Scoring Model when calculating the score, and applies it to its own data. With VantageScore, the three credit bureaus use a collectively developed Scoring Model ... but still apply it to each own data. "While there will still be some score variation with VantageScore due to differences in the data provided to the individual CRCs (credit reporting companies) for each consumer file, the gaps among the results generated via VantageScore are diminished because the credit scoring model itself and the underlying credit characteristics in the algorithm are the same at all three CRCs.", as company explains. **VantageScore Score Consistency** Will there now be just one consistent score per consumer across the three Credit Agencies? "No. While the three credit agencies, Equifax, Experian and TransUnion, can now generate scores using the same underlying credit scoring model, differences in the actual scores are to be expected because each agency maintains its own consumer credit files, which may vary. Consumers' files at each credit agency can vary because credit grantors can choose which agency they provide consumer payment data.", as according to company.